

Revised to include new information

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	1,929,054		2,023,394	
CASH FUNDS				
FEDERAL FUNDS	214,340		214,340	
OTHER FUNDS				
TOTAL FUNDS	2,143,394		2,237,394	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill extends the Nebraska Children’s Commission until June 30, 2016. The Commission is currently set to expire on June 30, 2014. The bill requires the reimbursement rate recommendations of the Foster Care Rate Commission to be implemented on or before July 1, 2013. The Department of Health and Human Services is required to establish a pilot project implementing the standardized level of care assessment tools containing standardized criteria to determine a foster child’s placement needs and to appropriately identify the foster care reimbursement rate. The assessment is to be research-based, supported by evidence-based practices and reflect the commitment to systems of care and a trauma-informed, child-centered, family-involved and a coordinated process. The pilot shall consist of two groups, one urban and one rural. Prior to April 1, 2014, the Department shall make recommendations to the Legislature based on a review of the pilot project. The Department is to provide the full reimbursement rate to contracted provider agencies in the pilot program. On or before January 1, 2016, the Children’s Commission shall appoint a Foster Care Reimbursement Rate Committee to make recommendations on the foster care rate structure. The Commission shall reconvene the Committee every four years. The Committee is to recommendations on July 1, 2016 and every four years thereafter.

The chart below shows the rates recommended by the Reimbursement Rate Committee, current rates, the difference and the increase needed to pay rates at the recommended level. In the current fiscal year, an additional \$3.10 per day was added to the foster care rate for all children. HHS has stated their budget request includes the continuation of this amount. The continuation of those rates is assumed in this fiscal note, also. The department’s budget also assumes a 5% decrease in the number of child in out-of-home placements, as does the calculations in this fiscal note.

Age Range	# of Children	Monthly Study Rate	NE Rate	Difference Per Child	Total Difference
0 to 5	666	608	436	172	1,374,521
6 to 11	415	699	594	105	523,089
12 and older	418	760	711	49	245,784
	<u>1,499</u>				<u>2,143,394</u>

The costs to adjust the foster care rates to foster parents would be \$2,143,394 (\$1,929,054 GF and \$214,340 FF) annually.

The Department of Health and Human Services fiscal note includes funding in their base of \$3 million GF along with the federal matching funds.

No new costs are associated with the pilot project.

Continuation of the Children’s Commission would cost \$94,000 GF in FY 15 and FY 16, assuming the continuation of the same staffing structure.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared:(4) 3-6-13

Phone: (5) 471-8072

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$4,915,260		\$4,999,800	
CASH FUNDS				
FEDERAL FUNDS	\$518,719		\$528,119	
OTHER FUNDS				
TOTAL FUNDS	\$5,433,979		\$5,527,919	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

This fiscal note provides the continuation of the bridge funding appropriated to carry out the foster care stipend for SFY 2013. This was part of the Department’s budget request that was submitted last fall.

The Department supports the LFO’s recommendation of an additional \$2.1M for FY 2013-2014 and \$2.2M for FY 2014-2015 for foster care rate reimbursement and continuation funding for the Children’s Commission.

The Department is not able to identify exact cost figures for increasing the foster care rate to USDA recommended rates. The current contracts are not financially structured in a consistent rate methodology.

LB530 provides that:

Sec. 2. (1) On or before July 1, 2013, the Division of Children and Family Services of the Department of Health and Human Services shall implement the reimbursement rate recommendations of the Foster Care Reimbursement Rate Committee as reported to the Legislature pursuant to section 43-4212 as such section existed before the effective date of this act.

The recommended reimbursement rates were set forth in the report to the Legislature, “Final Report, Foster Care Reimbursement Rate Committee - December 15, 2012”.

LB820A of the 102nd Legislative Session of 2012 appropriated funding to carry out the provisions of LB820 including a stipend for SFY2013:

“...under section 5 of this act, beginning July 1, 2012, through June 30, 2013, all foster parents providing foster care in Nebraska, including traditional, agency-based, licensed, approved, relative placement, and child-specific foster care, shall receive an additional stipend of three dollars and ten cents per day per child. The stipend shall be in addition to the current foster care reimbursement rates for relatives and foster parents contracting with the Department of Health and Human Services and in addition to the relative and tiered rate paid to a contractor for agency-based foster parents. The additional stipend shall be paid monthly through the agency that is contracting with the foster parent or, in the case of a foster parent contracting with the department, directly from the department. The contracting agency shall receive an administrative fee of twenty-five cents per child per day for processing the payments for the benefit of the foster parents and the state, which administrative fee shall be paid monthly by the state.”

LB820A provided an appropriation for the foster care stipend in SFY2013 and stated an anticipated appropriation in the amount of \$3,290,585 (\$3,043,791 GF, \$246,794 FF) for SFY2014 to meet the expected increase in foster care reimbursement rates.

LB530 Section 1. (e) states the intent of the Legislature in regard to foster care reimbursement rates:

(e) To appropriate funds to permanently replace the bridge funding described in subsection (1) of this section and provide the necessary additional funds to bring foster care reimbursement rates in compliance with the recommendations of the research and study completed by the Foster Care Reimbursement Rate Committee as required pursuant to section 43-4212 as such section existed before the effective date of this act.

Given the intent of the Legislature it is expected that there would be an appropriation for foster care reimbursement rates in the amount of \$3,290,585 (\$3,043,791 GF, \$246,794 FF) for SFY14 and \$3,290,585 (\$3,043,791 GF, \$246,794 FF) for SFY15.

LB530 also provides that:

Sec 2. (2)(a) The Division of Children and Family Services of the Department of Health and Human Services shall develop a pilot project as provided in this subsection to implement the standardized level of care assessment tools recommended by the Foster Care Reimbursement Rate Committee as reported to the Legislature pursuant to section 43-4212 as such section existed before the effective date of this act.

*It is anticipated that the Department will be able to fund the recommended reimbursement rates with anticipated funding, the Department does not believe that there will be a fiscal impact in the pilot areas to carry out the provisions of Sec 2. (2)(a). (To implement the standardized level of care assessment tools recommended by the Foster Care Reimbursement Rate Committee).

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2013-2014 EXPENDITURES	2014-2015 EXPENDITURES
	13-14	14-15		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$5,433,979	\$5,527,979
Capital Improvements.....				
TOTAL.....			\$5,433,979	\$5,527,979